

Telecommunications Relay Service (TRS) and Emergency Services (9-1-1)

City Signal requested that Ameritech Michigan provide TRS and 9-1-1 services under the same terms and conditions as Ameritech Michigan provides those services to other LECs. The Staff supported this request, and Ameritech Michigan agreed to it.

The ALJ found that City Signal's proposal complies with Act 179. Because the parties were in agreement, he recommended that the Commission not take any action on this issue. The Commission agrees with the ALJ.

Assignment of NXX Codes

Ameritech Michigan serves as the Local Number Administrator for all five area codes in Michigan. City Signal requested that central office code prefixes, i.e., NXXs, be assigned to it for subsequent assignment to its customers. The Staff, GTE, and MCI supported this request, stating that the NXX assignments should be made according to the same rates, terms, and conditions as are applied to other LEC requests for NXXs.

Ameritech Michigan explained that it assigns NXX codes in accordance with the industry's central office code assignment guidelines, which were designed to provide competitively neutral assignment of NXXs and to manage those numbers as a finite resource. Ameritech Michigan represented that it will administer the assignment of NXX codes pursuant to City Signal's request in accordance with those industry guidelines.

Again, because the parties were in agreement on this issue, the ALJ found that no action by the Commission is necessary. The Commission agrees with the ALJ.

Balloting

Balloting is the process by which customers select, or presubscribe to, a particular carrier. City Signal proposed that, within six months of the Commission issuing City Signal a license, all customers in the Grand Rapids District Exchange should receive a ballot to choose their LEC. City Signal contended that the customer inertia that benefits Ameritech Michigan should be offset by adopting a customer balloting plan similar to that adopted when the interexchange market was open to competition in the 1980s. City Signal argued that balloting may be even more important in the context of local exchange competition because the availability of alternative local exchange service providers is so new. Supported by MCI, City Signal requested that this issue at least be considered in any generic proceeding that may ensue.

The Staff, AT&T, GTE, and MECA opposed balloting for local exchange service because of potential customer confusion and cost concerns. The Staff contended that reballoting every time a new entrant is admitted to the market would further exacerbate those concerns. GTE asserted that balloting is simply a clever form of marketing whereby City Signal would use that process to garner new customers at the expense of other carriers.

Ameritech Michigan stated that balloting is not a form of interconnection or a service that is necessary to accomplish interconnection and, therefore, it has no place in this proceeding. Ameritech Michigan also agreed with the Staff and GTE that balloting is unnecessary, it causes customer confusion, and it would give City Signal a subsidized marketing device to win basic local exchange service customers without incurring any marketing cost. Ameritech Michigan pointed out that any newly licensed basic local exchange service provider has already been found to possess sufficient financial, managerial, and technical resources to provide basic

local exchange service when it was issued its license. According to Ameritech Michigan, the ability to market those services to new customers is an integral part of the provision of basic local exchange service.

The ALJ found that City Signal's balloting proposal would cause customer confusion and provide City Signal with a subsidized marketing device. He also agreed with Ameritech Michigan that a newly licensed basic local exchange service provider has been found to possess sufficient financial resources to market its services to customers. The ALJ therefore recommended that City Signal's balloting proposal be rejected.

Although City Signal and MCI except to the ALJ's recommendation, the Commission finds that the ALJ properly analyzed this issue. In particular, the Commission agrees with his conclusion that balloting would cause customer confusion and provide City Signal with a subsidized marketing device. Moreover, reballoting every time a new entrant is admitted into the market would not only be very costly, it would lead to even more customer confusion. The Commission therefore rejects City Signal's proposal.

Fresh Look

City Signal stated that there are certain local exchange customers, primarily Centrex customers, that have purchased service from Ameritech Michigan under long-term contracts. According to City Signal, those customers entered into those long-term arrangements not knowing that they would have an opportunity to choose their local exchange service provider. City Signal asserted that those customers should have the opportunity to take a "fresh look" at their contracts and to change their local telephone company without incurring contract termination penalties. City Signal stated that this proposal would address contractual arrangements that currently exist between Ameritech Michigan and its local customers. City

Signal clarified that it is not proposing that end-users should have a fresh look whenever a new provider enters the market.

In support of its proposal, City Signal relied on the FCC's order in CC Docket 91-131 issued June 9, 1993, in which the FCC adopted rules permitting customers to terminate term agreements with the incumbent LEC, if certain criteria applicable to expanded interconnection were met. City Signal asserted that the FCC adopted this practice in the interest of promoting competition among LECs and alternative access providers. City Signal concluded that the Commission should take similar action to promote local exchange competition.

The Staff took the position that increasing competition in the telecommunications industry should make customers aware of the risk involved in entering into long-term contracts. The Staff also expressed concerns with providing a fresh look each time a new competitor enters the market. MECA asserted that the concept of fresh look is anti-competitive in the long-run and poor public policy. GTE contended that the proposal constitutes interference with the private right of contract, thereby raising significant constitutional questions.

Like balloting, Ameritech Michigan took the position that City Signal's fresh look proposal is not an interconnection issue. Rather, Ameritech Michigan characterized it as an attempt to interfere with contractual relationships with its Centrex customers. According to Ameritech Michigan, the Commission has determined that Centrex services, with the exception of the loop portion that is regulated as basic local exchange service, are unregulated. Consequently, Ameritech Michigan argued, the rates, terms, and conditions of Centrex services, other than the loop, are not within the Commission's regulatory authority.

Furthermore, Ameritech Michigan maintained that City Signal's proposal is not analogous to the situation addressed by the FCC. Here, Ameritech Michigan pointed out, competition

for business systems has been in existence for nearly two decades. According to Ameritech Michigan, every Centrex service that it has sold has been purchased by business customers that have had the opportunity to purchase an alternative service from a variety of competitive providers.

Finally, Ameritech Michigan argued that adoption of City Signal's proposal would introduce chaos into the marketplace, because each time a new basic local exchange service provider entered the marketplace, all long-term contracts would be abrogated. As a result, Ameritech Michigan concluded, no provider would be willing to offer long-term contracts, which require completion of the full term to recover all costs.

The ALJ found that no evidence was presented to support adoption of City Signal's fresh look proposal. He further found that no showing was made that the actions taken by the FCC in its interconnection order should serve as precedent for similar action by the Commission. Finally, the ALJ agreed that Commission action to abrogate long-term contracts would introduce chaos into the marketplace and constitute poor public policy. The ALJ therefore recommended that City Signal's fresh look proposal be rejected.

Although City Signal and MCI except to this recommendation, the Commission finds that City Signal's fresh look proposal should be rejected for a number of reasons. First, the Commission has serious concerns regarding the abrogation of existing contracts, especially those involving a service that is, for the most part, unregulated. Second, the Commission is persuaded that City Signal's proposal could cause chaos every time a newly licensed LEC enters the market. Although City Signal stated that it was not proposing that end-users should have a fresh look whenever a new provider enters the market, that approach would be anti-competitive and discriminatory to other newly licensed providers. Third, the Commission

agrees with the Staff that, given the rapid developments in the telecommunications industry, customers should be aware of the increasing competition in the marketplace. Consequently, customers should be aware of the risk involved in entering into long-term contracts in such an environment.¹⁵

Tariffing of Services

In Case No. U-10064, the Commission established the regulatory status of services tariffed as of December 31, 1991, under newly enacted Act 179. As a result, the Staff submitted that the services being reviewed in this proceeding and required for local interconnection either were not tariffed at the time of the earlier proceeding or were not offered for the purpose of local interconnection.

The Staff took the position that the interconnection arrangements established in this case constitute access services under Act 179. In support of that position, the Staff relied on Section 102(a) of Act 179, which provides that:

"'Access' means the provision of access to a local exchange network for the purpose of enabling a provider to originate or terminate telecommunications service within the exchange." [MCL 484.2102(a).]

In the Staff's view, the tariffed interconnection arrangements should include use of essential facilities or services required of basic local exchange service providers that are not broadly available from other service providers and should be provided without unreasonable discrimination. The Staff stated that the end-user regulatory status of a service is not relevant to use of the service for purposes of access. Rather, the Staff argued, once these services

¹⁵In light of the Commission's finding, Ameritech Michigan's December 1, 1994 application for leave to appeal the ALJ's ruling requiring the disclosure of the terms and conditions of Ameritech Michigan's Centrex service contracts is moot.

have been proposed as components of an access arrangement, they are access services under Act 179. For example, the Staff pointed out that AT&T's interLATA directory assistance service to end-users is not a regulated service, but AT&T's interconnection with Ameritech Michigan to provide that service is regulated.

The Staff acknowledged that the availability of interconnection services from other providers was not definitively discussed in this proceeding. Although several parties agreed that most interconnection services at issue in this proceeding should be offered under tariff, a difference of opinion existed primarily because the competitive availability of all interconnection services has not as yet been explored. Consequently, the Staff proposed that if a further proceeding on these matters is conducted, information on the availability of alternative essential services should be explored further. The Commission could then deregulate any local interconnection services that it determines to be competitively offered if the public interest will continue to be protected. However, in the interim, the Staff requested that the Commission find that all local interconnection services are access services. Those services would then be tarified specifically or, if under contract, generally tarified and regulated pursuant to Section 310 of Act 179. Finally, the Staff proposed that if additional LECs are licensed to provide basic local exchange service while permanent interconnection arrangements are still pending, the rates, terms, and conditions of the transitional arrangements established in this case should be available to those LECs.

Ameritech Michigan argued that the Staff's proposal presents a subject that is outside the scope of this case, is premised on an unreasonable interpretation of Act 179, and calls for an unprecedented and unlawful expansion of the Commission's authority over services that were expressly deregulated by Act 179 and subsequently acknowledged as unregulated services in

the Commission's December 22, 1992 order in Case No. U-10064. Ameritech Michigan asserted that no evidence was presented by any party on the regulatory status or treatment of these services under Act 179 other than in response to the Staff's discovery requests. The company further asserted that, pursuant to Section 401(2) of Act 179, the Commission does not have any authority over the provision of many of these services beyond the non-discrimination prohibition in Section 305(i) of Act 179.

Ameritech Michigan also stated that none of the services in question matches the definition of access in Section 102 of Act 179, and a request for those services by another competing basic local exchange provider does not change that. The company pointed out that, indeed, many of those services are expressly identified by Act 179 as services distinct from access, such as directory assistance, TRS, and 9-1-1.

The ALJ was persuaded that the record in this case was not sufficient to merit adoption or rejection of the Staff's proposal. Instead, he concluded that the issue needs to be addressed to a greater degree to permit a properly considered decision. The ALJ therefore recommended that the Commission defer consideration of this matter to a subsequent proceeding.

The Staff excepts to the ALJ's recommendation, arguing that a decision is necessary at this time. The Staff argues that delaying a decision on this matter until the subsequent proceeding may result in discrimination in the interconnection arrangements provided to other newly licensed LECs or require the filing and resolution of separate interconnection cases for each provider licensed during the transitional period. AT&T supports the Staff's position.

In response, Ameritech Michigan reiterates the arguments presented in its briefs. The company adds that tariffing these services would completely eliminate negotiated, mutually

agreeable, contractual arrangements among competing providers. According to Ameritech Michigan, that result directly contradicts the clear intent of Section 303(2) of Act 179, which encourages negotiated arrangements between interconnecting providers. In fact, Ameritech Michigan asserts, tariffing these services could stifle the very form of business relationships that are the hallmark of full and effective competitive markets. Moreover, Ameritech Michigan continues, tariffing these services would inappropriately put the Commission in a position to regulate the provision of these services between LECs, which is something that the Commission has never done over the several decades that such services have been provided under mutually agreeable contracts between Ameritech Michigan and the other LECs. Ameritech Michigan concludes that there is nothing in the record in this proceeding or in Act 179 that supports the Staff's position that any and all services should be tariffed as access when sold to a competing LEC.

Although the Commission agrees with the ALJ that this issue needs to be addressed in more depth, a preliminary decision regarding the status of the services at issue must be made at this time to ensure that other newly licensed LECs are treated in a nondiscriminatory manner. Contrary to Ameritech Michigan's characterization, the interconnection arrangements include essential services that can only be obtained from Ameritech Michigan. Thus, it is critical that they be tariffed and subject to Commission regulation until it can be shown that they should be reclassified as competitive services. The Commission therefore finds that, on a transitional basis, the interconnection arrangements established in this order are access services.

Because the interconnection arrangements established in this order are between Ameritech Michigan and City Signal, the Commission finds that a contract that embodies

those arrangements is permissible. Pursuant to Section 202(c) of Act 179 and the Commission's December 22, 1992 order in Case No. U-10064, if a contract is used, a summary of the services included in the contract, the term of the contract, and the prices in the contract must be included in the intrastate access tariff. If additional telecommunications providers are licensed to provide basic local exchange service while permanent interconnection arrangements are being finalized, the terms and rates of the transitional interconnection arrangements will be available to those newly licensed LECs. This will eliminate the need for the filing and resolution of separate interconnection cases for each provider licensed during the transitional period.

In making this determination, the Commission rejects Ameritech Michigan's argument that this is an unlawful expansion of the Commission's authority over services that were specifically determined to be unregulated in Case No. U-10064. The fact that services were deemed unregulated because they were provided to end-users does not lead to the conclusion that they are unregulated for all purposes. To the contrary, the Commission agrees with the Staff that, when those services are used as components of an access arrangement, they are access services under Act 179. As discussed earlier in this order, this conclusion is consistent with the Commission's November 23, 1994 order in this case.

The Commission also rejects Ameritech Michigan's argument that tariffing these access services would eliminate negotiated contractual arrangements among competing providers because that argument misses the point. Section 310(8) of Act 179 provides that:

"A provider of access, whether under tariff or contract, shall offer such services under the same rates, terms and conditions, without unreasonable discrimination, to all providers and customers." [MCL 484.2310(8).]

Thus, once interconnection arrangements, which are access services, have been either negotiated by the parties or established by the Commission, subsequent interconnection arrangements cannot unreasonably discriminate against a new provider.

In conclusion, the Commission emphasizes that its determination regarding the regulatory status of the interconnection arrangements established in this order will be reevaluated in a generic proceeding. During that proceeding, additional information on this issue will be explored, and the Commission can deregulate any interconnection service it determines is competitively offered.

Generic Proceeding

The Staff took the position that, because of the numerous complex issues that had to be addressed under the time constraints of Act 179, the interconnection arrangements adopted by the Commission should be transitional. The Staff proposed that the Commission initiate a subsequent proceeding to establish more permanent interconnection arrangements as well as to explore other related issues. The Staff stated that the issues to be addressed in more detail include further unbundling, alternative number portability solutions, alignment of other rates with local access rates, tariffing of local access contracts with MECA companies, imputation and resale, all as more fully set forth on Exhibit S-95. The Staff proposed that the generic proceeding begin on June 1, 1995 and be completed consistent with Commission guidelines. This would allow for the transitional arrangements established in this case to remain in effect for approximately one year.

City Signal supported the Staff's proposal as long as the Commission's order in this case resolves all of the issues necessary to enable City Signal to offer a truly competitive alternative to Ameritech Michigan as soon as City Signal commences operations. Toward that end, City

Signal stated that the crucial issues of unbundling, mutual compensation, and number portability must be resolved. City Signal further stated that the experience it gains from competing in the Grand Rapids District Exchange will prove valuable in examining the issues to be addressed in a generic proceeding. City Signal also agreed with the Staff's presentation of the issues to be addressed in such a proceeding, but also proposed to include consideration of a long-term resolution of the directory data base and fresh look issues.

Teleport and AT&T also supported the Staff's proposal. AT&T recommended that the proceeding address issues that are key to local exchange competition, including the following: the full extent of network unbundling; the non-discriminatory pricing of interconnection to those unbundled components; non-discriminatory, tariffed compensation arrangements applicable to all call types and all classes of providers; number portability; data base access; arrangements for the provision of related local services, such as directory listings, 9-1-1, and relay services; unrestricted resale; access pricing; and imputation.

MCI also supported the Staff's proposal, but argued that the proceeding could begin before June 1, 1995. MCI also referenced four specific areas it believes merit special attention in a follow-up proceeding. The first area is identifying and removing support for universal service from its present hidden position inside incumbent LEC rate structures, and placing it into an independent fund that is "competitively neutral" both in how it is funded and how funds are distributed from it. The other areas are true number portability, further unbundling, and the elimination of protectionism for incumbent LECs while ensuring the establishment of non-discriminatory access to bottleneck facilities.

Ameritech Michigan also supported a generic proceeding. The company argued that it is essential that the Commission carefully address public policy issues relating to local

competition, such as universal service, carrier-of-last-resort obligations, infrastructure, and technological convergence.

MECA asserted that the Staff's proposal for a generic proceeding should be rejected because it does not meet the requirements of Act 179. MECA stated that any proceeding beyond this one would violate the 210-day requirement of Section 203(4) of Act 179. Moreover, MECA argued that there is no need for a future case unless a dispute arises that cannot be resolved through negotiation.

The ALJ was persuaded that the Staff's proposal for a subsequent proceeding has merit and should be adopted. He disagreed with MECA that such a proceeding would circumvent the 210-day requirement of Act 179 because there is nothing in Act 179 that prohibits the Commission from conducting a comprehensive review of the interconnection arrangements established in this case. Additionally, the ALJ rejected MCI's recommendation to commence this proceeding prior to June 1, 1995. The ALJ found that the additional time will be beneficial because it will give all of the parties time to carefully consider the Commission's order in this case and to prepare for a subsequent proceeding. He also found that it will allow for the gathering of additional data from City Signal's experience in basic local exchange competition with Ameritech Michigan.

The Commission finds that the ALJ properly concluded that a subsequent proceeding is needed to provide a broader forum for consideration of the many interconnection issues that are generic to basic local exchange competition. As the ALJ correctly noted, while the record is sufficient to support an order in this case that provides for a transitional interconnection arrangement, this proceeding garnered the participation of a large and diverse number of parties who jointly raised a large number of complex issues. As a result, a subsequent

proceeding should be commenced to further explore many of those issues on a permanent basis. In doing so, the Commission rejects MECA's contention that a subsequent proceeding would violate the 210-day requirement of Act 179. Today's order in this case constitutes a final order for purposes of Section 203(4) of Act 179.

This case highlighted the difficulties of numerous parties litigating complex issues within narrow time constraints. The Commission agrees with the ALJ that more time is necessary to allow the parties to give careful consideration to this order as well as to gather additional information based on City Signal's experience. Furthermore, completion of the generic proceeding within nine months of June 1, 1995 is appropriate and within the Commission's guideline for the completion of cases.

Additionally, contrary to MECA's assertion, conducting a generic proceeding will be a better use of the Commission's and the parties' resources than litigating interconnection arrangements every time a newly licensed LEC seeks those arrangements. Based on the conduct of this case, it appears unlikely that future interconnection arrangements will be established solely through negotiation between the parties. The Commission therefore rejects MECA's contention that there is no need for a future case unless there is a dispute in the future that cannot be resolved by negotiations.

The Commission also rejects MCI's proposal to begin the generic proceeding prior to June 1, 1995. Contrary to MCI's contention, the time between issuance of this order and commencement of the generic proceeding can be used by the parties to begin informal discussions in an effort to narrow the issues as well as to coordinate their participation in that proceeding.

Having found that a generic proceeding should be commenced, the Commission directs that the scope of the proceeding must be limited to those issues that can be adequately considered and resolved in the context of a nine-month proceeding. This must necessarily exclude the issues raised by Ameritech Michigan and MCI. As formulated by Ameritech Michigan, most of its issues are so broad and vague that they are not capable of being resolved in such a proceeding. For example, Ameritech Michigan posits the question, "[i]s regulatory involvement necessary or appropriate in disaster recovery, redundancy, network testing, or other quality of service issues impacted by local competition?" (9 Tr. 1611.) Among other things, it is unclear what disaster recovery has to do with the establishment of permanent interconnection arrangements in a competitive basic local exchange service market. In addition, MCI's proposed issues, such as universal service and elimination of protectionism for incumbent LECs, are beyond the scope of such a proceeding.

In contrast, the Staff's proposed issues are clear, concise, and directly relevant to establishing permanent interconnection arrangements. Accordingly, the Commission finds that the scope of the generic proceeding shall be limited to the following issues:

A. Local Interconnection

1. Unbundling

- a. What is the appropriate long-term pricing for an unbundled loop, including consideration of the types of loops and zone pricing?
- b. What further unbundling of the remaining local network is required at this time and what are the appropriate prices for those unbundled services?
- c. What process should be followed in the future to address additional requests for unbundling? Should procedures differ between large and small LECs?

2. Mutual Compensation

- a. What is the appropriate long-term structure and pricing for local access services including Feature Group A and other jointly provided services?
- b. Is "bill-and-keep" appropriate under any circumstances?
- c. Which services are new and which services that are already offered to other customers/providers would be used for local interconnection as well? If existing services are needed, is there justification for pricing the same service differently for different users?

3. Number Portability

- a. What are the short-term and long-term alternatives for number portability?
 - b. What is the appropriate pricing for the short-term number portability alternatives?
 - c. How should long-term number portability options be implemented? National basis, regional basis, or state basis?
4. What are the appropriate arrangements for industry data base access and white page listings between LECs?
 5. What 9-1-1 and relay interconnection issues, if any, need to be addressed?
 6. Should local interconnection services be available to any customer or provider?

B. Other Tariff Restructuring

1. Should MECA interconnection contracts be tariffed? Should MECA interconnection parameters and competitive LEC local interconnection tariffs be aligned? If so, how and when?
2. Should toll access tariffs and any other similar offerings be aligned with competitive LEC local interconnection tariffs? If so, how and when? Can toll access prices, based on the FCC's fully allocated cost methodologies, be reconciled with the intrastate costing requirements specified in Act 179 and Case No. U-10620?

3. Do the imputation requirements of Section 311 of Act 179 require the pricing of other services to be altered?
4. Due to the tariffing of local interconnection arrangements, must resale restrictions remaining in existing tariffs be altered in order to comply with Section 311 (3) of Act 179?
5. Are transitions to new prices for other services appropriate? In what context should these proposals be considered?

To facilitate the completion of the generic proceeding in an orderly and timely manner, the Commission adopts the following schedule:

- | | |
|-----------------------------------|--|
| June 1, 1995 | - Newspaper Notice |
| June 15, 1995 | - Prehearing Conference |
| July 24, 1995 | - File Direct Testimony |
| September 8, 1995 | - File Rebuttal Testimony |
| September 25 -
October 3, 1995 | - Cross-examination of Direct and Rebuttal Testimony |
| October 27, 1995 | - Briefs |
| November 6, 1995 | - Reply Briefs |
| December 18, 1995 | - Proposal for Decision |
| January 8, 1996 | - Exceptions |
| January 19, 1996 | - Replies to Exceptions |
| March 1, 1996 | - Commission order |

All licensed LECs should coordinate, and share the cost of, publishing notice of the generic proceeding in newspapers of general circulation.

As alluded to earlier, the Commission encourages the parties to begin informal discussions in an effort to further narrow the foregoing issues. The Commission also encourages parties

with similar positions to coordinate the presentation of their witnesses, thereby minimizing redundant testimony and arguments.

III.

CONCLUSION

In granting City Signal a license to provide basic local exchange service, the Commission recognized that the time has come for competition in the local exchange market. As a result, the granting of that license represented the next logical step in the transition to a more fully competitive telecommunications market. Similarly, today's order represents a significant step toward establishing interconnection arrangements between competing LECs and, consequently, a framework for competition in the basic local exchange service market. In making the transition to competition, the Commission believes that the transitional interconnection arrangements established in this order will not result in competitive handicapping, cream skimming, or subsidization, as feared by some of the parties. Rather, those arrangements are a step toward the development of a network that will be open and accessible to all competitors on the same basis. Although the Commission again emphasizes that many of the issues addressed in this order will be explored further in the generic proceeding, the guiding principle in developing permanent interconnection arrangements must be the recognition that all licensed providers of basic local exchange service have equal status as competitors in the local exchange market.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, R 460.17101 et seq.

b. Physical interconnection arrangements between City Signal and Ameritech Michigan should be on the same terms and conditions as interconnection arrangements between Ameritech Michigan and adjacent LECs.

c. Mutual compensation, unbundling, and number portability are necessary to effective competition and, therefore, they are an integral part of the interconnection arrangements between City Signal and Ameritech Michigan.

d. The Staff's proposal for mutual compensation, as modified by this order, represents a reasonable middle ground and, therefore, it should be adopted on a transitional basis.

e. City Signal's proposal for the pricing of unbundled loops and the Staff's analysis of that proposal are reasonable and, therefore, they should be adopted on a transitional basis.

f. The use of DID and RCF to effect number portability on an interim basis is appropriate.

g. Ameritech Michigan should make DID and RCF available to City Signal at their incremental cost, as calculated by MCI, during the transitional period.

h. Ameritech Michigan should offer directory listings to City Signal on the same rates, terms, and conditions as it offers that service to other LECs.

i. City Signal's balloting and fresh look proposals are not in the public interest and, therefore, they should be rejected.

j. The transitional interconnection arrangements established in this order should be tariffed generally as access services. If additional telecommunications providers are licensed to provide basic local exchange service while permanent interconnection arrangements are being finalized, the rates, terms, and conditions of the transitional interconnection arrangements established in this order should be available to those newly licensed providers.

k. A generic proceeding should be initiated to address, on a permanent basis, the issues set forth on pages 89-91 of this order.

l. Any exceptions or arguments inconsistent with this order and not specifically addressed or determined are rejected.

THEREFORE, IT IS ORDERED that:

A. Physical interconnection between City Signal, Inc., and Ameritech Michigan shall be on the same terms and conditions as interconnection between Ameritech Michigan and adjacent local exchange carriers, as more fully described in this order.

B. The Commission Staff's proposal for mutual compensation, as modified by this order and described on pages 28-29 of this order, is adopted on a transitional basis.

C. Ameritech Michigan shall unbundle its local loops.

D. On a transitional basis, the pricing of unbundled local loops shall be \$8 per month per business line and \$11 per month per residential line, consistent with the Commission's finding relative to the federal end-user common line surcharge set forth on page 57 of this order.

E. As an interim solution to number portability, Ameritech Michigan shall make available to City Signal, Inc., direct inward dialing and remote call forwarding at rates set at their incremental cost, as described on page 67 of this order.

F. Ameritech Michigan shall offer directory listings to City Signal, Inc., on the same rates, terms, and conditions as it offers that service to other local exchange carriers.

G. City Signal, Inc.'s balloting and fresh look proposals are rejected.

H. The transitional interconnection arrangements established in this order shall be tariffed generally as access services and filed no later than 30 days after issuance of this order. If additional telecommunications providers are licensed to provide basic local exchange service

while permanent interconnection arrangements are being finalized, the rates, terms, and conditions of the transitional interconnection arrangements established in this order shall be available to those newly licensed providers.

I. A generic proceeding shall be initiated to address, on a permanent basis, the issues delineated on pages 89-91 of this order. The schedule for that proceeding, as set forth on page 91 of this order, is adopted.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ Ronald E. Russell
Commissioner

/s/ John L. O'Donnell
Commissioner

By its action of February 23, 1995.

/s/ Dorothy Wideman
Its Executive Secretary

MICHIGAN TELECOMMUNICATIONS ACT

Act 179 of 1991
as amended by
Act 216 of 1995

ARTICLE 1

GENERAL PROVISIONS

Sec. 101. (1) This act shall be known and may be cited as the "Michigan telecommunications act".

(2) The purpose of this act is to do all of the following:

(a) Ensure that every person has access to basic residential telecommunication service.

(b) Allow and encourage competition to determine the availability, prices, terms, and other conditions of providing telecommunication services.

(c) Restructure regulation to focus on price and quality of service and not on the provider. Rely more on existing state and federal law regarding antitrust, consumer protection, and fair trade to provide safeguards for competition and consumers.

(d) Encourage the introduction of new services, the entry of new providers, the development of new technologies, and increase investment in the telecommunication infrastructure in this state through incentives to providers to offer the most efficient services and products.

(e) Improve the opportunities for economic development and the delivery of essential services including education and health care.

(f) Streamline the process for setting and adjusting the rates for regulated services that will ensure effective rate review and reduce the costs and length of hearings traditionally associated with rate cases.

(g) Encourage the use of existing educational telecommunication networks and networks established by other commercial providers as building blocks for a cooperative and efficient statewide educational telecommunication system.

(h) Ensure effective review and disposition of disputes between telecommunication providers

Sec. 102. As used in this act:

(a) "Access service" means access to a local exchange network for the purpose of enabling a provider to originate or terminate telecommunication services within the local exchange. Except for end-user common line services, access service does not include access service to a person who is not a provider.

(b) "Basic local exchange service" or "local exchange service" means the provision of an access line and usage within a local calling area for the transmission of high-quality 2-way interactive switched voice or data communication.

(c) "Cable service" means 1-way transmission to subscribers of video programming or other programming services and subscriber interaction for the selection of video programming or other programming services.

(d) "Commission" means the Michigan public service commission.

(e) "Contested case" or "case" means a proceeding as defined in section 3 of the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being section 24.203 of the Michigan Compiled Laws.

(f) "Educational institution" means a public educational institution or a private non-profit educational institution approved by the department of education to provide a program of primary, secondary, or higher education, a public library, or a nonprofit association or consortium whose primary purpose is education. A nonprofit association or consortium under this subdivision shall consist of 2 or more of the following:

(i) Public educational institutions.

(ii) Nonprofit educational institutions approved by the department of education.

(iii) The state board of education.

(iv) Telecommunication providers.

(v) A nonprofit association of educational institutions or consortium of educational institutions.

(g) "Energy management services" means a service of a public utility providing electric power, heat, or light for energy use management, energy use control, energy use information, and energy use communication.

(h) "Exchange" means 1 or more contiguous central offices and all associated facilities within a geographical area in which local exchange telecommunication services are offered by a provider.

(i) "Handicapper" means a person who has 1 or more of the following physical characteristics:

(i) Blindness.

(ii) Inability to ambulate more than 200 feet without having to stop and rest during any time of the year.

(iii) Loss of use of 1 or both legs or feet.

(iv) Inability to ambulate without the prolonged use of a wheelchair, walker, crutches, braces, or other device required to aid mobility.

(v) A lung disease from which the person's expiratory volume for 1 second, when measured by spirometry, is less than 1 liter, or from which the person's arterial oxygen tension is less than 60 mm/hg of room air at rest.

(vi) A cardiovascular disease from which the person measures between 3 and 4 on the New York heart classification scale, or from which a marked limitation of physical activity causes fatigue, palpitation, dyspnea, or anginal pain.

(vii) Other diagnosed disease or disorder including, but not limited to, severe arthritis or a neurological or orthopedic impairment that creates a severe mobility limitation.

(j) "Information services" or "enhanced services" means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information, including energy management services, that is conveyed by telecommunications. Information services or enhanced services do not include the use of such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

(k) "Interconnection" means the technical arrangements and other elements necessary to permit the connection between the switched networks of 2 or more providers to enable a telecommunication service originating on the network of 1 provider to terminate on the network of another provider.

(l) "Inter-LATA prohibition" means the prohibitions on the offering of inter-exchange or inter-LATA service contained in the modification of final judgement entered pursuant to a consent decree in United States v. American Telephone and Telegraph Co., 552 F. Supp. 131 (D.D.C. 1982) and in the consent decree approved in United States v. GTE Corp., 603 F. Supp. 730 (D.D.C. 1984).

(m) "LATA" means the local access and transport area as defined in United States v. American Telephone and Telegraph Co., 569 F. Supp. 990 (D.D.C. 1983).

(n) "License" means a license issued pursuant to this act.

(o) "Line" or "access line" means the medium over which a telecommunications user connects into the local exchange.

(p) "Local calling area" means a geographic area encompassing 1 or more local communities as described in maps, tariffs, or rate schedules filed with and approved by the commission.

(q) "Local directory assistance" means the provision by telephone of a listed telephone number within the caller's area code.

(r) "Local exchange rate" means the monthly and usage rate, including all necessary and attendant charges, imposed for basic local exchange service to customers.

(s) "Loop" means the transmission facility between the network interface on a subscriber's premises and the main distribution frame in the servicing central office.

(t) "Operator service" means a telecommunication service that includes automatic or live assistance to a person to arrange for completion and billing of a telephone call originating within this state that is specified by the caller through a method other than 1 of the following:

(i) Automatic completion with billing to the telephone from which the call originated.

(ii) Completion through an access code or a proprietary account number used by the person, with billing to an account previously established with the provider by the person.

(iii) Completion in association with directory assistance services.

(u) "Operator service provider" or "OSP" means a provider of operator service.

(v) "Payphone service" means a telephone call provided from a public, semipublic, or individually owned and operated telephone that is available to the public and is accessed by the depositing of coin or currency or by other means of payment at the time the call is made.

(w) "Person" means an individual, corporation, partnership, association, governmental entity, or any other legal entity.

(x) "Port" except for the loop, means the entirety of local exchange, including dial tone, a telephone number, switching software, local calling, and access to directory assistance, a white pages listing, operator services, and interexchange and intra-LATA toll carriers.

(y) "Reasonable rate" or "just and reasonable rate" means a rate that is not inadequate, excessive, or unreasonably discriminatory. A rate is inadequate if it is less than the total service long run incremental cost of providing the service.

(z) "Residential customer" means a person to whom telecommunication services are furnished predominantly for personal or domestic purposes at the person's dwelling.

(aa) "Special access" means the provision of access service, other than switched access service, to a local exchange network for the purpose of enabling a provider to originate or terminate telecommunication service within the exchange including the use of local private lines.

(bb) "State institution of higher education" means an institution of higher education described in sections 4, 5, and 6 of Article VIII of the state constitution of 1963.

(cc) "Telecommunication provider" or "provider" means a person or an affiliate of the person each of which for compensation provides 1 or more telecommunication services.

(dd) "Telecommunication services" or "services" includes regulated and unregulated services offered to customers for the transmission of 2-way interactive communication and associated usage. A telecommunication service is not a public utility service.

(ee) "Toll service" means the transmission of 2-way interactive switched communication between local calling areas. Toll service does not include individually negotiated contracts for similar telecommunication services or wide area telecommunication service.

(ff) "Total service long run incremental cost" means, given current service demand, including associated costs of every component necessary to provide the service, 1 of the following: